

5/23/77 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Harold Brown to The President Re:DoD activities Week of May 14-20(2 pp.) enclosed in Hutcheson to Brzezinski 5/23/77	5/20/77	A
memo w/ att.	From State Dept. to The President Re:Meeting with Brazilian Cardinal Arns (9 pp.)enclosed in Hutcheson to Brzezinski 5/23/77	5/21/77	A
info chart	Re: Israeli Political Spectrum (1 page) enclosed in Hutcheson to Eizenstat 5/23/77 <i>opened folder</i>	undated	A
memo	From Brzezinski to The President Re: Signing of American Convention on Human Rights (i page)	5/23/77	A

FILE LOCATION

Carter Presidential Papers -Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 5/23/77 [1] Box **26/**

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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THE PRESIDENT'S SCHEDULE

Monday - May 23, 1977

7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.

9:00 Meeting of the Cabinet. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

✓ 11:30 Signing Ceremony - H.R. 3477 Tax Reduction and
(15 min.) Simplification Act and S.1279 Community Emergency
Drought Relief Act. (Mr. Frank Moore).
The Rose Garden.

12:30 Lunch with Mrs. Rosalynn Carter - Oval Office.

✓ 1:30 Drop-By Meeting with Zero-Base Budgeting
(30 min.) Representatives. (Mr. Bert Lance).
Room 450, EOB.

✓ 2:00 Interview with Editors of U.S. News and
(50 min.) World Report. (Mr. Jody Powell).
The Cabinet Room.

3:00 Mr. Charles Schultze - The Oval Office.

✓ 4:30 Meeting with Congressman James C. Wright, Jr./
(30 min.) Congressional Group - The Cabinet Room.

✓ 5:00 Reception for the Corporate Fund for the
(30 min.) Performing Arts at the Kennedy Center.
The Rose Garden.

✓ 8:00 Remarks at the Keynote Session of the White
House Conference on the Handicapped.
The Washington Hilton Hotel.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

May 23, 1977

Stu Eizenstat

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Israeli Political Party
Spectrum

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY [Signature] NARS, DATE 5/1/92

DECLASSIFIED
E.O. 12356, Sec. 3.4
PER [Signature] NARS, DATE 5/1/92
BY [Signature] NARS, DATE 5/1/92

~~CONFIDENTIAL~~

Israeli Political Party Spectrum

<u>Party</u>	<u>Leader</u>	<u>Orientation</u>	<u>1973 Seats</u>	<u>(Est) 1977 Seats</u>	<u>Coalition Prospects</u>
Likud ("Unity" bloc)	Menahem Begin	Nonsocialist, stresses free enterprise capitalism; right-wing on foreign policy, demands annexation of West Bank	39	41	Would prefer national unity government with Labor or coalition with National Religious Party and Democratic Movement
Labor Alignment (Labor Party-Mapam)	Shimon Peres	Moderate socialist; willing to trade some occupied territory for peace agreements	51	33	May refuse to enter Likud government on any terms
Democratic Movement for Change	Yigael Yadin	New nonsocialist party of former Labor and Likud leaders, sprinkling of leftists from minor parties; stresses need for far-reaching internal reforms; echoes Labor on peace negotiations	--	14	Yadin's insistence on broad domestic reforms may make it impossible for the Democratic Movement to enter Likud government
National Religious Party	Joseph Burg	Socialist; echoes Likud on negotiations	10	12	Certain to be a key partner in any Likud coalition
Rakah Communist Party	Meir Wilner	Only legal communist party in Israel; defender of Israeli-Arab grievances	4	6	Unacceptable to any major party as coalition partner
Shelli ("Peace and Equality")	Arieh Eliav	New extreme leftwing party made up of radical splinter groups	--	2	Unacceptable to any major party as coalition partner
Orthodox Aguda parties (Agudat Israel & Poalei Agudat Israel)	Yehuda Meir Avramovitz (AI), Kalman Kahana (PAI)	Guardian of orthodox Jewish religious laws	3 (AI) 2 (PAI)	4 (AI) 1 (PAI)	Willing to enter Likud cabinet only if guaranteed that religious laws will be fully respected
Shlom Zion ("Well Being of Zion")	Arik Sharon	New rightwing party led primarily by Likud defectors; echoes Likud on negotiations	--	2	Pro-Likud
Flato-Sharon	Samuel Flato-Sharon	New party led by millionaire seeking parliamentary immunity to avoid extradition to France on charges of fraud	--	2	Opportunistic, would be willing to enter Likud government if asked
Independent Liberal Party	Gideon Hausner	Moderate, echoes Labor on negotiations	4	1	Pro-Labor
Citizens Rights Movement	Shulamit Aloni	Stresses need for domestic reforms; dovish on negotiations	3	1	Pro-Labor
United Arab List	Seif El Din El Zouabi	Defender of Israeli Arab grievances	3	1	Affiliated with Labor

20

~~CONFIDENTIAL~~

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DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 1042 NSE TO RE MR-NC-91-75
BY [Signature] NARS, DATE 5/1/92

345
54

REDUCE - SIMPLIFY
ULLMAN / LONG

STATE / LOCAL HR 3477
#2200 / 5200 = \$5 B.L.

JUNE WITHHOLDING
8.7% @ \$15000 \$10,000 / 4
-30%

Next yr 95% simple
EARNED INCOME - \$12 B.L.
COUNTER CYCLICAL
DROUGHT

Q BURDICK - PIZZ JOHNSON

LOANS / GRANTS 51279

WELLS, VIADUCTS

CONSERVATION

SHORT TERM - 4/30/78
PROJECT COMPLETION

revised
5/23/77
0:00 a.m.

THE PRESIDENT'S SCHEDULE

Monday - May 23, 1977

7:45	Dr. Zbigniew Brzezinski - The Oval Office.
8:15	Mr. Frank Moore - The Oval Office.
8:30	Senior Staff Meeting - The Roosevelt Room.
9:00 (2 hrs.)	Meeting of the Cabinet. (Mr. Jack Watson). The Cabinet Room.
11:00	Mr. Jody Powell - The Oval Office.
11:30 (15 min.)	Signing Ceremony - H.R. 3477 Tax Reduction & Simplification Act and S.1279 Community Emerg Drought Relief Act. (Mr. Frank Moore). The Rose Garden.
12:30	Lunch with Mrs. Rosalynn Carter - Oval Office.
1:30 (30 min.)	Drop-By Meeting with Zero-Base Budgeting Representatives. (Mr. Bert Lance). Room 450, EOB.
2:00 (50 min.)	Interview with Editors of U.S. News and World Report. (Mr. Jody Powell). The Oval Office.
3:00	Mr. Charles Schultze - The Oval Office.
4:30 (30 min.)	Meeting with Congressman James C. Wright, Jr Congressional Group - The Cabinet Room.
5:00 (30 min.)	Reception for the Corporate Fund for the Performing Arts at the Kennedy Center. The Rose Garden.
8:00	Remarks at the Keynote Session of the White House Conference on the Handicapped. The Sheraton Park Hotel.

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5/23/77

Cabinet

THE WHITE HOUSE
WASHINGTON

- > OMB - Cumulative HEW budget
- > OMB - Response to D.C. Memo -
on paper, reg, empl, advis. reg
- > Justice - voter registration
- > Cabinet stick & admin positions
- > Fahd visit
- > CIEC
- > Notre Dame speech - read
- > Strip mining bill ok
- > Undoc alien
- > LOS
- > ILO
- > Andy - Africa
- > Belgrade / Helsinki
- > Weekend sched - No cab mtg
- > Environmental msg
- > Farm Bill

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THE WHITE HOUSE
WASHINGTON

May 23, 1977

Z. Brzezinski

Re: Cabinet Summaries

The attached were returned in the President's outbox and are forwarded to you with the request that they be passed on to Secretary Brown.

Rick Hutcheson

Attachments:

Secretary Brown's Report of 5/20/77

Ambassador Young's Report of 5/19/77

Dept. of State memo 5/21/77 re: Meeting with
Brazilian Cardinal Arns and the Incident
Involving Two American Citizens in Brazil

SECRET ATTACHMENT

LIMITED OFFICIAL USE

THE PRESIDENT HAS SEEN.

May 19, 1977

Q
/

TO: President Carter

THROUGH: Jack Watson

1977 MAY 19 PM 5 56

FROM: USUN - Ambassador Young

SUBJECT: Weekly Summary of U.S. Mission to United Nations
Activities, May 11-18

1. AMBASSADOR YOUNG'S TRIP TO AFRICA

Following a weekend meeting with Vice-President Mondale in Lisbon, Amb. Young briefly stopped in Gabon and met with President Bongo (Chairman of OAU) and is currently in Maputo, Mozambique heading up US delegation to the UN Conference on Namibia and Zimbabwe.

Amb. McHenry, following a brief visit in Tanzania in an attempt to brief Sam Nujomo (SWAPO leader) on Namibia talks, is currently with the Vice-President's Party in Vienna. Amb. McHenry did meet with Pres. Nyerere to brief him.

2. SPECIAL SESSION ON DISARMAMENT (SSOD) PREPARATORY COMMITTEE

Non-aligned, Western European and Others, and Eastern European groups have continued their formal consultations on the agenda for the SSOD, with the unresolved issue remaining Eastern European insistence on a separate item on a World Disarmament Conference.

3. CONTACT GROUP ON NAMIBIA

The Western Five Contact Group on Namibia has continued to meet in New York to decide and recommend on coordinated policy.

4. EXPANSION OF SANCTIONS AGAINST SOUTHERN RHODESIA

The US Mission held preliminary consultations with the UK Mission to develop new avenues to further strengthen sanctions. Follow-up consultations with the British Government will not be held in London.

5. WASHINGTON OFFICE/UNA LUNCHEON MEETING

Office attended a working lunch with the International Affairs Division of GAO to discuss major study of Management Practices in UN Specialized Agencies (5 GAO reports).

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 20, 1977

C

BILL SIGNING CEREMONY
H.R.3477 TAX REDUCTION AND SIMPLIFICATION ACT
AND
S.1279 COMMUNITY EMERGENCY DROUGHT RELIEF ACT
Monday, May 23, 1977
The Rose Garden
11:30 a.m.

From: Frank Moore *FM*

I. Participants

See attached list.

II. Press Plan

Full Press Coverage

III. Talking Points

1. See attached "talker" prepared by speechwriting
2. On the tax bill, Congressman Ullman and Senator Long deserve special recognition of their efforts. Also instrumental in moving the bill were John Jenrette, Bill Moorhead, Jack Brooks, and Ed Muskie.
3. Representative Baltasar Corrada (Puerto Rico) specifically asked to attend the ceremony because for the first time Puerto Rico has the status of a state in the tax bill.
4. On the Drought Bill, those deserving special mention are Quentin Burdick (introduced bill in Senate), Bizz Johnson.
5. You should make special mention of the invaluable assistance we received on the part of state and local governments -- without their help on the tax bill it probably would not be here to sign today.

**Electrostatic Copy Made
for Preservation Purposes**

PARTICIPANTS

The President

Members of Congress for Tax Bill

Senate:

Russell Long
Edmund Muskie
Robert Byrd
Carl Curtis
Clifford Case
Ernest Hollings

House:

John Jenrette
William Moorhead
Dante Fascell
Toby Moffett
L.H. Fountain
Jack Brooks
John Brademas
John Wydler
Frank Horton
Al Ullman
Dan Rostenkowski
Baltasar Corrada

Senate and House staff:

Alvin From (Senate)
Bernard Shapiro (Joint Committee on Taxation)
John Martin (House)

- - -

Members of Congress for Drought Bill

Senate:

Quentin Burdick
Henry Jackson
Daniel Moynihan
Lloyd Bentsen
Pete Domenici
Robert Stafford
John Chafee
James McClure

House:

Bizz Johnson
Robert Roe
James Howard
Norm Mineta
Leon Panetta
John Burton
William Harsha
John Hammerschmidt
Don Clausen
James Cleveland

Staff:

Robert van Huevelen

Staff:

Dick Sullivan

- - -

Department of Commerce

Secretary Kreps
Andrew Manatos, Congressional Liaison
Robert Hall, Assistant Secretary

Department of the Treasury

Secretary Blumenthal
Gene Godley, Congressional Liaison
Laurence Woodworth, Assistant Secretary, Tax Policy
Alexander Kress, Congressional Liaison
Bernadine Denning, Congressional Liaison

State and Local Government

Governor Brendan Byrne
Mayor Coleman Young
Mayor Ken Gibson
Tom Cochran, Conference of Mayors
Ken Young, AFL-CIO
Bill Welsh, AFSCME
Liz Hair
Seth Taft National Association of Counties
Phyllis Lamphere, National League of Cities
Joe Beeman, California State liaison
Noel Gould, California State liaison
Lucy Wells, Congressional liaison, EDA
Berry Crawford, Western States Drought Committee
George Karras, EDA

FALLOWS TALKING POINTS

THE WHITE HOUSE

WASHINGTON

May 20, 1977

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *RH for JMF*

SUBJECT: Tax Reduction and Simplification Act of 1977 and
Community Emergency Drought Relief Act of 1977

Working with staff from the Domestic Council, Treasury, and Commerce, Rick Hertzberg has prepared these talking points for the bill-signing ceremony.

Tax cut bill

1. The Tax Reduction and Simplification Act of 1977 does just what it says it does. It will reduce taxes and simplify tax returns for the majority of taxpayers.

2. Just about everybody who uses the standard deduction will get a tax cut.

--The standard deduction goes up to \$2200 for single people and \$3200 for married couples.

--This will provide over \$5 billion in permanent tax cuts for low and middle income taxpayers.

--Taxpayers will begin to get the benefits of this Act in reduced withholding by about June 1.

--80 per cent of the cut will go to individuals and families earning less than \$15,000. A family of four with a \$10,000 income will get a tax cut of more than \$200--a hefty 30 per cent reduction.

3. The Act also begins to simplify our tax laws.

--6.7 million taxpayers will be able to switch from itemizing to taking the standard deduction.

--Next year, 95 per cent of all taxpayers will be able to make a simple calculation of the taxes they owe from new tax tables.

4. The "marriage penalty" has been reduced.
5. The Act also extends through 1978 the earned income tax credit--which is especially helpful to poor working families--and the general tax credit. These yield another \$12 billion in individual relief.
6. The Act extends the countercyclical aid program, another component of the stimulus package.
7. The Act puts off the effective date of the sick pay exclusion from 1976 to 1977. You might say you think it is fair and proper to undo the retroactivity of that provision so as to give affected taxpayers a chance to adjust.
8. You might add that you're not pleased about everything in the Act, especially the business tax credit--which will cost the Treasury \$2.5 billion but probably won't create any jobs that wouldn't have been created anyway.
9. But on balance, it's a good bill. You might want to congratulate Chairmen Ullman and Long for keeping the focus on simplification and tax reduction. It's a good step in the direction of the tax reform legislation you will submit later this year.

Drought bill

1. You might mention seeing the effects of drought and talking with victims of drought during your visit to California last week. The situation there is still very serious, though there has been some improvement in the Great Plains states.
2. This legislation is one of several measures designed to relieve the worst effects of the drought. Under it, the Commerce Department will make loans and grants to communities where the problems are most serious. The \$175 million appropriated to carry it out will, for example, dig new wells for small cities, repair and upgrade viaduct systems, buy and transport emergency water supplies, promote emergency conservation efforts, and so on.
3. The Act is aimed at immediate, short-term problems--indeed, projects assisted under it must be completed by April 30, 1978. But there is a longer term problem in water use policy that will take our best efforts to solve in the future.

4. There was excellent cooperation between Congress and the Executive Branch on this Act.

5. It also shows that, working together, we can design our assistance to meet particular needs in particular communities, rather than taking a scattershot approach that helps both those who need it and those who don't.

#

MEMORANDUM

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

2814

ACTION

May 23, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

28

SUBJECT:

Speech Material for Visit of
Crown Prince Fahd

Attached is the material prepared by Jim Fallows' office for your
welcoming statement and toast during the visit of Crown Prince Fahd.

X

THE WHITE HOUSE

WASHINGTON

May 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *ji*
SUBJECT: Arrival of Crown Prince Fahd

Jerry Doolittle has suggested the following topics for your remarks when Crown Prince Fahd of Saudi Arabia arrives on May 24:

1. This is the latest of several visits Crown Prince Fahd has made to the United States. We welcome him back, and look forward to hearing the views which His Highness brings from His Majesty King Khalid.

2. Our countries have been cooperating for 30 years; in 1945 President Roosevelt first met Prince Fahd's father, King Abdulaziz "Ibn Saud" on a naval vessel in the Suez Canal's Great Bitter Lake. The two discussed the peace the world was hoping for.

3. Peace is once again the chief concern, as you talk with Prince Fahd -- a just and lasting peace in the Middle East. The good offices of King Khalid and Crown Prince Fahd are crucial in the search. This was shown in October at the Riyadh conference, where Saudi Arabia played a key role in damping down the Lebanese civil war.

4. Crown Prince Fahd's visit to the United States three years ago opened an era of close cooperation between the two nations. You are confident this visit will make that cooperation even closer.

5. The Kingdom of Saudi Arabia has been a firm friend of the United States economically as well as politically. Evidence of this is the large number of Americans now residing in Saudi Arabia -- 30,000. In fact, more Americans live in the Crown Prince's country than live in your own Sumter County (27,000).

730p

THE WHITE HOUSE
WASHINGTON

May 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: GRETCHEN POSTON

SUBJECT: SCENARIO FOR DINNER HONORING CROWN PRINCE
OF SAUDI ARABIA - May 24, 1977 - 7:30 p.m.

7:15 p.m. Dinner guests begin arrival at Diplomatic Entrance and are escorted to Blue Room for refreshments.

7:28 p.m. THE PRESIDENT arrives Grand Hall

7:29 p.m. THE PRESIDENT moves to North Portico

7:30 p.m. Crown Prince Fahd enters Northwest Gate and proceeds to North Portico where he is greeted by THE PRESIDENT and escorted to Blue Room

7:45 p.m. Dinner - State Dining Room

8:45 p.m. Dessert is served. Coffee service begins.
(Music of the Baroque Quartet from Chicago performs - 10 minutes)

8:55 p.m. Coffee service continues
(Working time)

9:15 p.m. President escorts Crown Prince Fahd to North Portico for departure to Blair House
PRESIDENT departs Grand Hall.

85/24/77

THE WHITE HOUSE
WASHINGTON

May 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: IMPLEMENTING YOUR ENVIRONMENTAL MESSAGE

Attached are memoranda drafted by the Council On Environmental Quality (CEQ) from you to the various Department Secretaries and Agency Heads outlining their responsibilities under the Environmental Message. Where the instructions are detailed, the language of the memorandum has been worked out and agreed to in advance with the agency. In all other cases, the memoranda simply pick up the language of the Message.

In addition to these memoranda, there are several Executive Orders which require your signature. They are attached and have been reviewed by Bob Lipshutz. (*separate memo from Lipshutz*)

CEQ believes that these specific directives are necessary so that individual Cabinet Secretaries are aware of their specific roles.

FIFTEEN SIGNATURES NEEDED

originals to Bob Linder

THE WHITE HOUSE

WASHINGTON

May 23, 1977

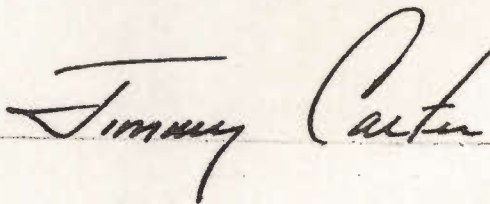
MEMORANDUM FOR

THE SECRETARY OF THE ARMY

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains these specific directives to you and your agency:

- in cooperation with the Secretary of Agriculture, other appropriate federal agencies, and the Governor of Florida, review available studies and findings and make recommendations to me within 120 days on the alternatives for restoration of the Oklawaha River portion of the project area and on alternatives for disposition of the facilities and lands of the Cross Florida Barge Canal project outside the Oklawaha River area.
- institute waste paper recycling programs wherever practicable by the end of this calendar year.

In the Message I also indicate my support for continued implementation of Section 404 of the Federal Water Pollution Control Act which regulates the filling and disposal of dredged materials in all U.S. waters or associated wetlands, under the regulating authority of the Corps of Engineers. I make particular mention of the need to carry out the program without undue federal regulations or red tape, to exempt normal farming, ranching, and forestry practices as at present, and to propose amendments to the Federal Water Pollution Control Act which will improve wetlands protection and will authorize the states to assume responsibility for carrying out major portions of this program.

Jimmy Carter

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

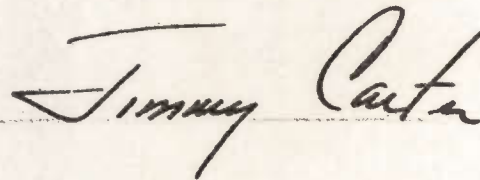
MEMORANDUM FOR

THE ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL
DEVELOPMENT

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains these specific directives to you and your agency:

- ° stand ready to cooperate through international organizations, through private voluntary organizations, or through direct contacts with other governments to all requests for assistance in population and health care programs.
- ° ensure full consideration of the environmental soundness of development projects under review for possible assistance.
- ° make available to developing countries assistance in environment and natural resources management to help them design environmentally sound projects regardless of the source of funding for a particular project.

Please give your immediate attention to these assignments.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is written with a large, sweeping initial "C". The signature is positioned above a horizontal line.

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

MEMORANDUM FOR

THE CHAIRMAN OF THE COUNCIL ON ENVIRONMENTAL
QUALITY

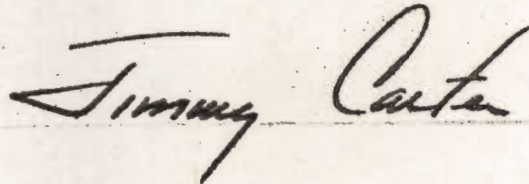
Today, I delivered my Environmental Message to Congress. A copy is enclosed. It includes these specific directives to you and your agency:

- ° develop an interagency program (1) to eliminate overlaps and fill gaps in the collection of data on toxic chemicals, and (2) coordinate federal research and regulatory activities affecting them.
- ° recommend at the conclusion of your ongoing review of integrated pest management in the United States, measures which the Federal Government can take to encourage the development and application of such pest control techniques.
- ° conduct with the Office of Management and Budget and the Water Resources Council, in consultation with the Congress and the public, a review of the present federal water resource policy within six months and present me with concrete recommendations for policy coordination and reform.
- ° consult with the states and executive agencies and report to me in six months on the steps that should be taken to simplify, coordinate, and codify the body of law affecting wildlife conservation.
- ° undertake with the Secretary of State in cooperation with other appropriate federal agencies, a one-year study of the probable changes in the world's population, natural resources, and environment through the end of the century to serve as a foundation for long-term planning.

- ° work with the Department of State to ensure that we achieve the best possible coordination of the international environmental programs within the Executive Branch.
- ° establish an interagency task force to review present environmental monitoring and data programs, and recommend improvements that would make these programs more effective.
- ° examine present federal environmental law review requirements, and recommend specific measures, including legislation, to clarify and integrate them in a way compatible with my broader proposals for governmental reorganization.

In addition, pursuant to my decision on the issue paper accompanying your memorandum of April 22, 1977, please prepare for my consideration by August 1, 1977, an Executive Order to implement the substantive requirements of the National Environmental Policy Act.

Please give your immediate attention to these assignments.

A handwritten signature in dark ink, reading "Jimmy Carter", is written over a horizontal line.

Enclosure

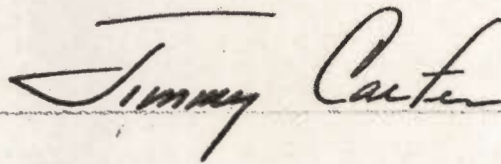
THE WHITE HOUSE
WASHINGTON

May 23, 1977

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

In my Environmental Message of May 23, 1977, I indicated my interest in implementing waste paper recycling programs to the extent practicable, in all federal buildings by the end of the year. These programs should be established in keeping with the guidelines issued by the Environmental Protection Agency and with the advice of the General Services Administration and the Environmental Protection Agency.

Jimmy Carter

THE WHITE HOUSE

WASHINGTON

May 23, 1977

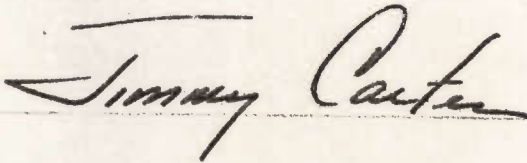
MEMORANDUM FOR

THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND
BUDGET

Today, I delivered my Environmental Message to Congress. A copy is enclosed. In it I have including the following directive to you and your agency to:

- ° carry out jointly with the Council on Environmental Quality and the Water Resources Council, and in consultation with the Congress and with the public, a review of the present federal water resource policy and present to me joint recommendations within six months.

Please give this assignment your immediate attention.

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line.

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

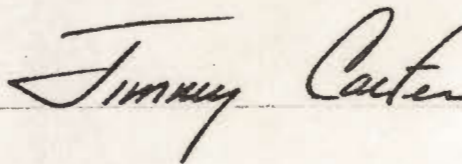
MEMORANDUM FOR

THE ACTING ADMINISTRATOR OF THE ENERGY RESEARCH
AND DEVELOPMENT ADMINISTRATION

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains several specific directives to you and your agency:

- ° work with the Administrator of the Environmental Protection Agency and the Secretary of Health, Education and Welfare to establish a joint program to identify the health and environment effects of each advanced energy technology that is the subject of federal research and development.
- ° within one year, develop procedures jointly with the Administrator of the Environmental Protection Agency for establishing environmental protection standards for all new energy technologies.
- ° work with the Secretary of the Interior, the Water Resources Council, and other federal agencies to prepare a nationwide evaluation of water supply needs and availability for development of various energy resources.
- ° institute a waste paper recycling program wherever practicable in offices under your control by the end of this calendar year.

Please give these assignments your immediate attention.



Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

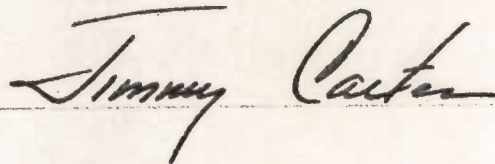
MEMORANDUM FOR

THE ADMINISTRATOR OF THE GENERAL SERVICES
ADMINISTRATION

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains these specific directives to you and your agency:

- working with the Special Assistant to the President for Administration, implement in the White House the use of recycled paper wherever practicable as soon as present stocks of stationary have been exhausted.
- institute waste paper recycling programs in federal offices, wherever practicable, by the end of this calendar year.
- revise GSA paper-product specifications to encourage the purchase of more recycled paper.
- assess GSA building programs to ensure that they take advantage of historic buildings wherever possible, and are compatible with and contribute to the local cultural and historic environment.

Please give these assignments your immediate attention.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a horizontal line underneath the name.

Enclosure

THE WHITE HOUSE

WASHINGTON

May 23, 1977

MEMORANDUM FOR

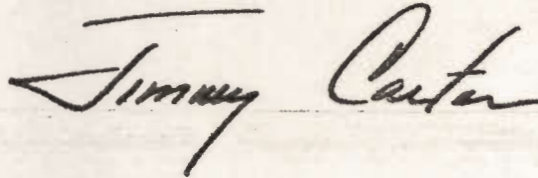
THE SECRETARY OF AGRICULTURE

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains these specific directives to you and your agency:

- ° undertake a comprehensive study of the Cooperative Forestry Programs. This study should examine the desirability of providing financial assistance to state forestry agencies on the basis of state forestry plans rather than through the present fragmented approach and should consider the need for measures to:
 - assure that forestry programs support national environmental goals;
 - assure that assistance to non-Federal forest owners will emphasize interdisciplinary planning and multiple use management;
 - improve the capability of private forest lands to meet the nation's need for wood;
 - prevent and control pollution, fires, and insects and diseases that damage forests, using environmentally sound methods, such as biological pest controls;
 - improve and maintain fish and wildlife habitats particularly those that are critical for threatened and endangered species;
 - strengthen planning and management capabilities of state and local forestry agencies.

- ° expedite the preparation of proposals for wilderness areas in Eastern National Forests, the National Grasslands, and in Alaska.
- ° review, in cooperation with the Secretary of the Army, other appropriate federal agencies, and the Governor of Florida, available studies and findings, and make recommendations to me within 120 days on the alternatives for restoration of the Oklawaha River portion of the Cross Florida Barge Canal Project, and on the alternatives for disposition of the facilities and lands of the Cross Florida Barge Canal Project outside the Oklawaha River area.
- ° develop, in cooperation with the Secretary of the Interior, legislation restricting importation of exotic species to the United States.

Please give these assignments your immediate attention.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink on a light-colored background.

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

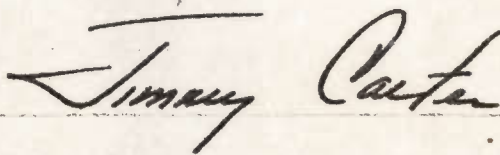
MEMORANDUM FOR

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

Today, I delivered my Environmental Message to Congress. A copy is enclosed. In it there is a commitment to improving and restoring the urban environment, beginning by redirecting the resources of the Federal Government into neighborhood preservation and conservation. This includes a specific directive to you and your agency to:

- ° expand the urban homesteading program by making available more and better-quality houses; by ensuring that adequate rehabilitation assistance is available to participants; and by coordinating the program more closely with other federal, state, and community efforts.

Please give this assignment your immediate attention.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above a horizontal line.

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

MEMORANDUM FOR

THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION
AGENCY

My Environmental Message to Congress includes a number of specific directives to you and your agency. Please give these assignments your immediate attention:

- ° give highest priority to developing 1983-best-available-technology effluent standards which will control toxic pollutants under the Federal Water Pollution Control Act, and incorporate these standards into discharge permits.
- ° set standards under the Safe Drinking Water Act which will limit human exposure to toxic substances in drinking water, beginning with potential carcinogens.
- ° accelerate the study of the Interagency Resource Conservation Committee on financial incentives to encourage waste reduction, recycling, and resource recovery, and give to me, within six months, recommendations on the use of solid waste disposal charges.
- ° work with the Congress in enacting an amendment to the Federal Insecticide, Fungicide, and Rodenticide Act which would allow EPA to regulate directly the 1400 active chemical pesticide ingredients, rather than the 40,000 different commercial products which contain them in varying amounts.
- ° establish jointly with the Administrator of the Energy Research and Development Administration and the Secretary of Health, Education and Welfare a program to identify the health and environment effects of each advanced energy technology that is the subject of federal research and development.

- ° within one year develop procedures jointly with the Administrator of the Energy Research and Development Administration for establishing environmental protection standards for all new energy technologies.
- ° coordinate your regulatory activities with the Secretary of the Interior to ensure that OCS exploration and development are not delayed by procedural confusion.
- ° prepare legislation designed to bring together into one comprehensive environmental grant program the various programs within the Environmental Protection Agency providing funds to state and local government for planning, training, monitoring, enforcement, and research in pollution control.

I also reiterated my support for the Administration's proposed amendments to The Clean Air Act, and emphasized that I have instructed you to:

- ° review the current regulations controlling the construction of new facilities in areas not yet attaining air quality standards to ensure that these regulations will not interfere with the expeditious attainment of air quality levels required to protect public health.

With respect to water pollution, I indicated my desire to:

- ° ensure that sewage projects supported by federal money do not create additional environmental problems, that they are designed to encourage water conservation as well as water treatment, that they are operated properly once they have been built, that there is an effective pre-treatment program to remove harmful industrial wastes from these systems; and that we are carefully considering alternative solutions, particularly in smaller communities, so that we can be sure of building the projects which are economically and environmentally most effective.

- ° encourage state and local governments to complete strong Section 208 plans and to begin implementing them as soon as possible.
- ° prepare amendments to the Federal Water Pollution Control Act which include provisions to make pollution unprofitable as well as illegal by imposing penalties on firms that have failed to abate their pollution on schedule; provisions to make law enforcement more stringent; and provisions to ensure that actions are taken in accord with water quality management plans.
- ° propose amendments to Section 307(a) of the Act which will allow EPA to move more swiftly and surely when new chemicals potentially injurious to human health are being discharged.
- ° propose amendments to Section 404 of the Act which will improve wetlands protection and authorize states to assume responsibility for carrying out major portions of this program.

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

May 23, 1977

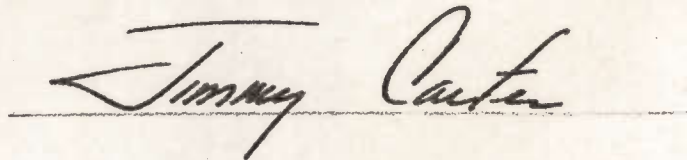
MEMORANDUM FOR

THE SECRETARY OF LABOR

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It includes several specific directives to you and your agency:

- ° develop and enforce effective standards for occupational health under the Occupational Safety and Health Act of 1970.
- ° explore and develop proposals to supplement federal occupational health regulations, and examine the full range of reforms that might be undertaken by the appropriate levels of government to assure adequate compensation for occupationally induced diseases.
- ° develop a program jointly with the Secretary of Commerce to cushion the effects of temporary unemployment in the Redwood National Park area which might be caused by the proposed park expansion.

Please give these assignments your immediate attention.

A handwritten signature in dark ink, reading "Jimmy Carter", is written over a horizontal line.

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

MEMORANDUM FOR

THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF DEFENSE
THE CHAIRMAN OF THE TENNESSEE VALLEY AUTHORITY

In my Environmental Message of May 23, 1977, I made a commitment to hasten the implementation of the Endangered Species Act of 1973.

The Federal Government should provide leadership in identifying and protecting the habitat which is critical for the survival and recovery of those species which have been determined to be endangered or threatened under the Act. Federal programs should be coordinated in a way that will provide timely assistance to the Secretary of the Interior and Secretary of Commerce in determining the habitat which is critical for the survival and recovery of those endangered and threatened species.

I therefore direct that you:

(a) identify, to the extent feasible, in consultation with the Secretary of the Interior and/or the Secretary of Commerce, areas on lands under your jurisdiction or control which appear to you to be critical for the survival and recovery of species presently determined to be endangered or threatened under the Act;

(b) provide the Secretary of the Interior and/or the Secretary of Commerce with the data and information available to you concerning the areas identified by you under subparagraph (a) to assist them in determining whether or not the areas identified by you constitute critical habitat under the Act;

(c) exercise caution in the modification of any area identified by you under subparagraph (a) and consult with the Secretary of the Interior and/or the Secretary of Commerce concerning any proposed modifications until the appropriate Secretary determines whether the area constitutes the critical habitat of an endangered or threatened species under the Act;

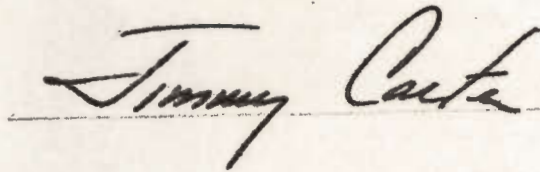
(d) encourage States and private citizens to assist you in identifying areas on lands within your jurisdiction or control which appear to be critical for the survival and recovery of endangered and threatened species.

I also direct the Secretary of the Interior and the Secretary of Commerce to:

(a) develop timetables for implementation of this request to assure that the information is compiled within the shortest possible time;

(b) provide the necessary guidance and cooperation to assure efficient compliance; and

(c) expedite their determinations of critical habitat of endangered and threatened species under this Act.

Jimmy Carter

THE WHITE HOUSE

WASHINGTON

May 23, 1977

MEMORANDUM FOR

THE SECRETARY OF COMMERCE

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It contains these specific directives to you and your agency:

- ° identify, in consultation with the Secretary of the Interior, possible marine sanctuaries in areas where development appears imminent; and begin collecting the data necessary to designate them as such under the law.
- ° consult with the Secretary of the Interior, other federal agencies, and state and local officials in coastal areas to develop an effective plan for protecting the coastal barrier islands which are still unspoiled.
- ° develop a program jointly with the Secretary of Labor to cushion the effects of temporary unemployment in the Redwood National Park area which might result from the proposed expansion of the Park boundaries.
- ° take the following steps to protect whales, with the foreign policy guidance of the Secretary of State:
 - prohibit commercial whaling within our 200-mile fishery zone;
 - pursue negotiations within the International Whaling Commission for a stronger international conservation regime for whales and other cetaceans, affording protection for them throughout their range;

- 2 -

- maintain firm U.S. support for a ten-year worldwide moratorium on the commercial killing of whales;
- report to me within 60 days any actions that diminish the effectiveness of the International Whaling Commission's conservation program.

Please give this assignment your immediate attention.

Jimmy Carter

Enclosure

THE WHITE HOUSE
WASHINGTON

May 23, 1977

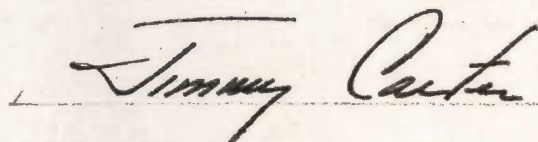
MEMORANDUM FOR

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Today, I delivered my Environmental Message to Congress. A copy is enclosed. It includes this specific directive to you and your agency:

- ° work with the Administrator of Energy Research and Development Administration and the Administrator of the Environmental Protection Agency to establish a joint program to identify the health and environmental effects of each advanced energy technology that is the subject of federal research and development.

Please give your immediate attention to this assignment.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a horizontal line underneath the name.

Enclosure

THE WHITE HOUSE

WASHINGTON

May 23, 1977

MEMORANDUM FOR

THE SECRETARY OF THE INTERIOR

Today I delivered my Environmental Message to Congress. A copy is enclosed. It includes a number of specific directives to you and your agency. Please give these assignments your immediate attention:

- ° As you proceed to reevaluate the longer-term OCS program, work closely with the Governors of affected coastal states to guarantee that proposals for the timing and sequence of offshore lease sales are reasonable, giving special emphasis to Alaska.
- ° Work closely with the Secretary of Commerce as she identifies potential marine sanctuaries in areas where OCS leasing appears imminent.
- ° Establish an OCS Information Clearinghouse to receive inquiries about federal OCS activity.
- ° Develop regulations, operating orders, and lease provisions specifying the information required from industry about both the offshore and onshore impacts of prospective OCS development.
- ° Facilitate cooperative planning among industry, the Department of the Interior, the Department of Transportation, and the states for lease development, pipeline locations, pipeline standards, and onshore facilities.

- ° Establish procedures for compliance with the National Environmental Policy Act in connection with development plan approvals.
- ° Study carefully the prospect of the Department's management of OCS resources.
- ° Coordinate appropriate OCS regulatory activities with the Administrator of the Environmental Protection Agency.
- ° Prepare a nationwide evaluation of the water supply needs and availability for development of various energy resources.
- ° Manage the coal leasing program to assure that it can respond to reasonable production goals by leasing only those areas where mining is environmentally acceptable and compatible with other land uses. Specifically:
 - Use environmental reviews, coal assessments, and indications of market interest, to determine which lands are appropriate to offer for lease.
 - Complete land use plans before a decision to offer specific tracts for sale.
 - Do not lease any tract unless the environmental impact of mining would be acceptable and the federal government will receive a fair market value for the lease.
- ° Scrutinize existing federal coal leases (and applications for preference right leases) to determine whether they show prospects for timely development in an environmentally acceptable manner, taking steps as necessary to deal with nonproducing and environmentally unsatisfactory leases and applications, such as the following:
 - Exchange of environmentally unsatisfactory leases or applications for environmentally acceptable coal lands of equivalent value.

- Reassessment of the basis for granting or denying preference right leases.
- ~~Submission of legislation to authorize the condemnation of outstanding rights upon payment of reasonable compensation, if necessary to prevent environmental damage.~~
- ° In your capacity as Chairman of the Water Resources Council, together with the Office of Management and Budget and the Council on Environmental Quality, conduct a review of federal water resources policy and present me with your joint recommendations within 6 months.
- ° Develop an effective plan, in consultation with the Secretary of Commerce, the Council on Environmental Quality, and state and local officials of coastal areas for protecting the 68 still unspoiled coastal barrier islands.
- ° Prepare, for submission to Congress, legislation to replace the Mining Law of 1872 with legislation providing for: (1) a leasing system for publicly owned hardrock minerals; (2) explicit federal discretionary authority over mineral exploration and development on the public lands; (3) strict standards for environmental protection and for reclamation of mined areas; (4) a requirement for approval of operation and reclamation plans before mining can begin; (5) royalties for use of public lands and mineral resources; and (6) the integration of mining into land use plans being developed for the public lands.
- ° Submit to me within 120 days, after consultation with the Council on Environmental Quality, interested state and federal officials and members of the public, a specific proposal establishing a National Heritage Trust Program which will include the following:

- A systematic program for the collection and updating of information and data relevant to the identification and protection of National Heritage areas, which is coordinated with other state and federal programs.
 - Criteria and appropriate procedures for identifying, selecting, acquiring and protecting National Heritage areas so as to assure the continued quality of life of our citizens today and in the future.
 - Provision for the immediate acquisition of the most significant and endangered National Heritage areas and examples of natural ecosystems.
 - Provision for long-term planning and periodic review which will assure that areas which need protection are identified.
 - Appropriate means to insure protection of areas in order to assure their preservation and continued value.
 - Ways to insure state and citizen involvement in the determination, acquisition and preservation of National Heritage areas.
 - A program for identifying and protecting significant National Heritage areas within the jurisdiction of federal agencies.
- ° Initiate a vigorous wilderness program for the Bureau of Land Management under the new Federal Land Management and Policy Act of 1976.
 - ° Develop, in consultation with the Secretary of Agriculture, legislation to restrict the introduction of exotic plants and animals into the United States.

- 5 -

By separate memorandum, I am directing you, and the heads of other appropriate federal agencies, to hasten the identification of critical habitat for endangered species.

Jimmy Carter

Enclosure

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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May 21, 1977

TO: The President

FROM: Jody Powell

SUBJECT: Your 2 p.m. Monday interview with editors of
U.S. News & World Report

The 50-minute interview with seven members of the editorial staff will occur in ~~the Cabinet Room, rather than~~ the Oval Office, ~~because of the number of people involved.~~

The editors will bring two tape recorders and a staff photographer, who will confine his work to the opening minutes.

You will be given the transcript prior to publication for "review."

Those attending:

Marvin L. Stone, Editor
John H. Adams, Executive Editor
Lester Tanzer, Managing Editor
Don Reeder, Assistant Managing Editor
John W. Mashek, White House Correspondent
J. Michael Wright, White House Correspondent
Patricia Avery, White House Correspondent.
Thomas J. O'Halloran, Photographer

you should sit with or next to Stone. We are doing in Oval office so they can get an Oval office picture, perhaps for a cover.
JHP

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

f May 23, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Domestic Policy Staff Status
Report

THE WHITE HOUSE
WASHINGTON



ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
X	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.
THE WHITE HOUSE
WASHINGTON

May 20, 1977

C
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MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Status
Report

TRANSPORTATION AND LABOR

International Aviation: Policy is being planned for Presidential review of international decisions to maximize competition and reduce fares.

Labor Law Reform: Analysis of proposed legislation by June 3.

Cargo Preference: EPG discussed yesterday. Our analysis to you today. Administration testimony on May 24.

Detroit Mass Transit: Brief report on background and status of proposed subway project for Detroit in view of Mayor Young's request to meet with you on this issue. Due May 31.

HOUSING AND URBAN DEVELOPMENT

Condominium Fraud: Memo on federal government efforts to correct abuses in this area with options for possible initiatives. Due June 3.

Fanny Mae: Administration position on increasing public representation still under review.

Consumer Cooperative Bank: OMB-Domestic Council memorandum to you today. Coop Bank proponents, including Ray Marshall, Geno Baroni, Esther Peterson, Carol Foreman, and Sam Brown are being involved in the review process.

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Urban Policy Task Force: Recommendation on urban economic development initiatives expected by late June. A general overview will be in to you in early June. Recommendation on national neighborhood policy framework expected by late June, including structural relationship of Neighborhood Commission to other urban policy initiatives, particularly neighborhood reinvestment strategies.

Financial Institutional and Housing Finance Reform: Decision memorandum to you week of May 23.

New York City Financing: Continuing to develop long term options.

Tax Reform: Developing analysis of impact of tax reform package on urban development and State and local borrowers.

AGRICULTURE

Sugar: USDA is preparing administrative regulations for the new producer payment program. There has been considerable pressure from the Louisiana Congressional delegation to make program applicable to '76 crop stocks but we have resisted.

International Wheat Agreement: USDA is developing a position paper for June 27-30 meeting of the International Wheat Council. Draft paper to be considered at June 2nd EPG meeting.

ENERGY AND NATURAL RESOURCES

Environmental Message: Final draft of message to the President May 19. Tentative transmittal date: May 23.

Alaska Natural Gas: Agency assignments and work plans for July 1 submissions reviewed and approved. Working with Schlesinger's staff and agencies on a continuing basis.

Water Projects: Working on your approved strategy with Frank Moore and his staff. House Appropriations Committee mark-up May 25.

Water Resources Reforms: Working with CEQ, OMB and agencies to follow through on Corps of Engineers redirected public works; dam safety; water conservation; new project criteria; cost-sharing for federal projects.

Coal Slurry: Working out differences among Interior, Transportation, and Energy.

Clean Air Act: House action scheduled early in week of May 23. Senate action after Memorial Day. Coordinating administration strategy with Frank Moore, OMB and EPA.

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for Preservation Purposes**

CONSUMER MATTERS

Standing and Class Actions: Justice and Esther Peterson are working with Hill and agencies to develop proposals.

Package of Substantive Consumer Reforms: Task Force (Justice, Commerce, FTC, Jack Watson's staff, Domestic Policy Staff) has met. A memo is being drafted on the consumer agenda in Congress.

Ban on Tris: Administration position being developed by Commerce, HEW9FDA), Justice, EPA, SBA, Domestic Policy Staff and OMB. Memo-randum to you today.

REGULATORY REFORM PROJECTS

Regulatory Reform Agenda: Regulatory Working Group (Domestic Policy Staff, OMB, CEA and Jack Watson's staff) is drafting a decision memo for you. Target date is last week in May.

Surface Transport Deregulation: Task force to study options for surface transport deregulation is meeting. A decision memo will be prepared for you by the first week in June.

S. 600 (Percy-Byrd-Ribicoff Sunset bill for Regulatory Programs): We are working on a plan to relate this bill to our regulatory reform priorities. Hearings on May 25. Decision memo to you today.

Economic Impact Analysis Procedure: EPG Subcommittee developing a proposed executive order. Informal group assessing EIA bills now in Congress.

Legislative Veto: Working group (Justice, Lipshutz's staff, OMB, Domestic Policy Staff) assessing question of legislative veto of regulations.

INTEGRITY AND OPENNESS MATTERS

Freedom of Information Act Liberalization: Justice to draft an executive order. Target date is first week in June.

Lobby Reform: Working with Justice to develop policy positions with respect to House bill. Memo to you yesterday.

Hatch Act Reform: Working with Civil Service Commission on policy amendments to House and Senate bills.

Executive Order on Logging: Memo prepared by Justice has been reviewed. Justice is drafting an executive order. Target date is end of May.

Classification Decisions: NSC has sent a memo to you on establishing a task force to be co-chaired by NSC and Domestic Policy Staff. A report and new executive order are due in September.

HUMAN RESOURCES

National Health Insurance: First meeting of the Advisory Committee on National Health Insurance Issues will be held today.

Social Services: We are working with OMB and the Vice President's office on an Administration position on several bills in Congress on subsidized adoption for children with special needs.

Welfare Reform: We will have a memorandum to you this weekend on the HEW-Labor plan structure. HEW plans to begin consulting with the states next week.

Comprehensive Educational Policy: About one quarter of the educational associations contacted have sent in comments on policy initiatives and concerns they would like to see incorporated in FY 1979. A comprehensive policy should be developed by end of June.

Bakke Case: Justice has until June 7 to enter the Bakke reverse discrimination case. A decision memo will go to the Solicitor General soon.

Office for Civil Rights: A coalition of organizations has written a report criticizing OCR enforcement of Title IX, which bars sex discrimination in institutions receiving federal funds. It will be released today.

Adams V. Califano: HEW is in final development stages of response to the court in this NAACP suit to stop allocation of funds to states with dual systems of higher education. HEW will be ready for a formal review during the second week in June. They must go to court by July 1.

TERRITORIES

Micronesia: We are working out a negotiating position for the Administration's stance in U. S.-Micronesian status negotiations. Present option agreed to by State, NSC, Interior and Domestic Policy Staff is to allow the trust territories room on rights to maritime resources, self-determination on political groupings and island governance, while we retain defense and currency along with services. The deadline for resolution of the status of Micronesia is 1981.

COMMUNICATIONS

Bell Bill: We met in your behalf with Communications Workers President Glenn Watts. He expressed concern about the FCC's decision to open the telephone terminal equipment market to competition. This decision will go into effect this summer unless the Supreme Court agrees to hear the case. Watts is asking the Congress to delay the decision until it has further studied the consequences; he seeks your support.

Congress is unlikely to act on this. We continue to recommend that you stay out of this fight. (We said nothing to Watts.)

Public Broadcasting: Our recommendation on the Corporation for Public Broadcasting and Facilities Act reauthorizations will come to you shortly. Congressional hearings are slated for summer or fall.

Equal Time Rule: A legislative proposal has been circulated to the White House staff. We are drafting a decision memo for you.

TV for the Deaf: Secretary Califano will meet shortly with the presidents of the networks to discuss their answers to your February letter. A public conference on ways to help the deaf use TV is slated for June or July to keep the pressure on.

Radio Navigation Systems: An Office of Telecommunications Policy plan to save at least \$1 billion a year over the next ten years by consolidating duplicative systems has been submitted to OMB for implementation.

*one
page
summary
to me*

ECONOMICS AND BUSINESS

Trade Adjustment Assistance: We are working with Commerce, Labor and STR to meet your commitment in the shoe case to improve this program and recommend new legislation, if necessary.

Tax Reform: We are working with Treasury and CEA on Administration's tax reform proposals.

Minority Business: Status report on federal government efforts in this area, with options paper on future Administration action to you by tomorrow.

**Electrostatic Copy Made
for Preservation Purposes**

CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: You will meet with the principals on May 24. I have met three times at staff level to better define issues.

Equal Employment Reorganization: Continue meeting with task force.

Privacy: Justice position on HR 214 is still being discussed by Justice. We will have a memo to you as soon as we know their position.

Magistrates: Justice bill increasing the authority of U. S. magistrates in black lung and Social Security cases has been circulated by OMB. Justice is drafting changes after meeting with OMB and White House staff.

Drugs: DEA will submit three bills to OMB, one of which includes a controversial preventive detention measure. It is being reviewed first by Peter Bourne.

Handguns: Legislative is being drafted in Justice.

LEAA Reorganization: Task Force made up of Justice and LEAA is meeting.

Drug Enforcement Administration-FBI: Justice is studying the possibility of combining DEA and the FBI for drug enforcement purposes.

Grand Jury Reform: Justice has been working on legislation. We will get a memo to you as soon as they send it to OMB. They will testify on June 22.

Special Prosecutor: Justice testified on HR 2835 on the 18th.

Death Penalty: Justice will testify only as to the constitutionality of S. 1382.

1979 BUDGET

We are reviewing agency "wish lists" that have been submitted for next year's legislative program, and intend to supply you with background memoranda for your budget reviews which will help achieve an integrated view of the budget and legislative questions.

THE WHITE HOUSE
WASHINGTON

May 23, 1977

Hamilton Jordan -

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Relationship with
Dr. Arthur Burns

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

BILL

Hamilton has now
decided that this should
just go in as it is.
He will not make any
recommendation.

Eleanor
5/21

THE PRESIDENT HAS SEEN.

No
J

CONFIDENTIAL

May 23, 1977

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN *H.J.*
RE: RELATIONSHIP WITH DR. ARTHUR BURNS

Because of the importance of our having a good and continuing relationship with Dr. Burns, you should be aware of a potential problem we have with him. I am sure that you don't want your relationship with him undermined or diminished by small things.

Several weeks ago, a subcommittee headed by Pat Schroeder asked OMB for an Administration position on a bill which elevates the Director of OMB and the Chairman of the Federal Reserve to Cabinet rank in terms of their compensation. A secondary effect is that the Deputy Director of OMB is designated a Level II instead of III and the members of the Board of Governors of the Federal Reserve are designated Level II instead of III.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY *Jay* DATE *9/27/89*

Electrostatic Copy Made
for Preservation Purposes

Your position at that time was that since the Director of OMB was a part of the Executive Branch and the office of the President, it was appropriate for you to comment on that part of the bill. Also, since Dr. Burns was not an appointee of yours and heads an independent agency, your position on his status was not required. You sent the subcommittee the attached letter.

Dr. Burns is a very proud man.....proud also of the institution that he represents. He has told several people (including Bert Lance) that he considers the fact that you omitted reference to the Federal Reserve in your letter as a personal affront to the institution that he represents. He was irritated with Bert initially until he discovered that the letter to the subcommittee came from you personally.

Dr. Burns does not want the additional compensation - in fact he has publicly stated that the law should exclude him and apply to the next Chairman. It is a point of honor with the gentleman, particularly in light of the past relationship he has had with Presidents and WH staff.

You either need to personally explain to Dr. Burns your own rationale in excluding him from your earlier communication or correct it with a letter similar to the one attached. We have too many matters on which we need his help and cooperation to risk undermining which I gather is a very good relationship between you and Dr. Burns.

For your information, legislation dealing with this matter has been before the Congress previously and has been supported by previous Administrations.

TE HOUSE .
INGTON

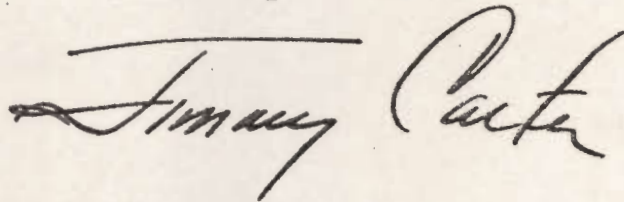
May 3, 1977

To Congresswoman Pat Schroeder

It is my understanding that H. R. 2387 is
shortly to be considered by your Subcommittee.

For the record I would like to state my
strong feeling that the position of the
Director of the Office of Management and
Budget should be treated as a Cabinet level
position.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a large, sweeping "C" for "Carter".

The Honorable Patricia Schroeder
Chairwoman
Subcommittee on Employee Ethics
and Utilization
603 House Office Building Annex I
Washington, D. C. 20515

THE WHITE HOUSE

WASHINGTON

May 23, 1977

To Congresswoman Pat Schroeder

Recently I wrote to you concerning H.R. 2387,
which is under consideration by your Subcommittee.

I understand H. R. 2387 provides for the elevation
of the position of the Chairman of the Board of
Governors of the Federal Reserve System from
Executive Level II to Executive Level I. While
the FRB Chairman is not a member of my immediate
staff, as is the Director of OMB, I share the
view that both positions should be at Executive
Level I.

Sincerely,

The Honorable Patricia Schroeder
Chairwoman
Subcommittee on Employee Ethics
and Utilization
503 House Office Building
Washington, D. C. 20515

THE WHITE HOUSE
WASHINGTON

May 23, 1977

Bert Lance -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Ezenstat
Jack Watson

Re: HEW Request for Additional
Funds for Education for the
Handicapped

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

ENROLLED BILL
AGENCY REPORT
CAB DECISION
EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

FOR STAFFING
FOR INFORMATION
X FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ARAGON
BOURNE
BRZEZINSKI
BUTLER
CARP
H. CARTER
CLOUGH
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HOYT
HUTCHESON
JAGODA
KING

KRAFT
X LANCE
LINDER
MITCHELL
POSTON
PRESS
B. RAINWATER
SCHLESINGER
SCHNEIDERS
SCHULTZE
SIEGEL
SMITH
STRAUSS
WELLS
VOORDE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

To Bert
J

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance
SUBJECT: HEW Request for Additional Funds for
Education for the Handicapped

Joe Califano has drafted a letter to Chairman Warren Magnuson of the Appropriations Sub-Committee on Labor, Health, Education, and Welfare regarding action on the 1978 HEW appropriation request. In our judgment the letter is a helpful one. First, it requests that \$1.7 billion increase be eliminated. Second, it requests a reduction of \$230 million below budget for educational opportunity grants due to a technical re-estimate. Third, it requests the reduction of \$27 million cuts below the budget and finally it requests an acceptance of \$132 million in increases. We felt you should be informed about this last item.

Good

The biggest issue concerns a potential \$100 million increase in education for the handicapped. Joe is asking that we approve this increase because it will be necessary to carry out regulations he recently signed. In addition he argues that such an increase now may forestall larger increases later.

ok

We recommend approval of this increase of \$100 million. However, we felt we should raise the issue with you before we notified HEW.

Agree

☒

Disagree

☐

Joe said
\$60 million
J

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

May 23, 1977

Bert Lance
Z. Brzezinski

For your information the attached
letter was signed by the President
and given to Bob Linder for appropriate
delivery to Secretary Brown.

Rick Hutcheson

Re: Violations of Section 3679 of the
Revised Statutes, as amended

5/17/77
26

X

THE WHITE HOUSE
WASHINGTON

*Should go thru
copy came memo to Brown Linder
only - orig of memo
to NSC for delivery*

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
X	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

NSC and Watson concur with the Lance memo.

NSC does not think you need to send Secretary Brown a memo.

Watson suggests that you ask for an investigation into the \$21 million violation, observing that it is hard to imagine that such a sum could result from a simple accounting error.

The proposed memo to Brown is attached as the third tab.

Rick

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR

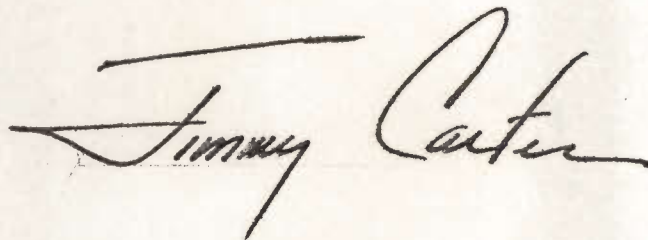
The Honorable Harold Brown
Secretary of Defense

SUBJECT: Administrative Control of Funds

You have recently received a letter from Bert Lance citing present violations of the Antideficiency Act and requesting a review of Defense's fund control regulations. I want to emphasize my own concern that this situation be brought under control as rapidly as possible.

There are large burdens on the American taxpayer today and constantly escalating demands for more resources in the future, particularly in the Defense area. It is imperative that we be certain that the dollars available are being effectively managed and utilized.

We must all have confidence in the Defense financial management system when we prepare the budget for fiscal year 1979 and subsequent years, and I hope you will devote the resources necessary to correct this problem promptly. In order to achieve the necessary results, it may be necessary to consider changes beyond simple refinements in the financial management system.

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J" that extends over the second name. The last name "Carter" is written in a similar cursive style, with a long, sweeping tail on the "r".



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 16 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

Bert Lance *Bhan*

SUBJECT:

Report of the Deputy Secretary of
Defense on Violations of Section 3679
of the Revised Statutes, as amended

There is attached a letter dated March 17, 1977, from the Deputy Secretary of Defense reporting to you, as required by law, violations of subsections (a) and (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

Transmitted are three reports of violations, as follows:

<u>Appropriation Title</u>	<u>Fiscal Year</u>	<u>Type of Violation</u>	<u>Amount</u>
Other Procurement, Army	1973	Obligations in excess of funds apportioned	\$21,000,000.00
Operation and Maintenance, General Corps of Engineers, Civil	1974	Obligations in excess of an allotment	219,871.15
Research, Development, Test and Evaluation, Defense Agencies	1975	Obligations in excess of an allotment	11,926.65

In the violations involving Operation and Maintenance, General Corps of Engineers; and Research, Development, Test and Evaluation, Defense Agencies, the letter from the Deputy Secretary of Defense states that the violations were caused by misunderstandings of, or failure to comply with, prescribed procedures and controls. It is further stated that appropriate corrective actions were taken. Disciplinary action consisted of an oral admonishment and verbal reprimands; further disciplinary action was not taken because of the exemplary records of the individuals concerned and because there is no evidence that the violations were willful.

In the violation involving Other Procurement, Army, the original ledgers and records of the U.S. Army Electronics Command were either lost or destroyed as a result of a relocation from Philadelphia to Fort Monmouth, New Jersey, and a fire at Fort Monmouth. Sufficient evidence is not available to identify exactly the functional failure, and the responsible officials, which led to the violation.

We agree with the Defense conclusion that the circumstances surrounding this particular violation make it impossible to fix individual responsibility in this instance. However, this particular case is only the latest in a series of violations which demonstrate the existence of severe financial management problems within the Department of Defense, and the Army in particular. The Army is aware of these problems and corrective measures are in process, although it is too early to judge their effectiveness.

We believe the problem calls for high-level attention and continuing close scrutiny by the Secretary of Defense. Since 1963, there have been 245 violations of the Antideficiency Act within DOD. This represents 78 percent of the total government violations reported during this period--a disproportionately high percentage.

The Department's regulation for the administrative control of funds was issued in August, 1955, and has been amended twice. Fourteen years have passed since the regulation was approved by OMB (then Bureau of the Budget) and since many changes have taken place, we are requesting the Department of Defense to review, update as necessary, and resubmit these regulations for OMB approval. A copy of this letter is attached.

We have also attached a memorandum which you might want to send to Secretary Brown on this subject. It is not strictly necessary for you to become involved in this question. However, the problem is quite complex and an expression of Presidential concern would certainly help to focus the high level attention necessary to resolve the matter.

Copies of the Defense reports have been sent to the President of the Senate and the Speaker of the House of Representatives.

Attachments

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MAR 17 1977

MEMORANDUM FOR THE PRESIDENT

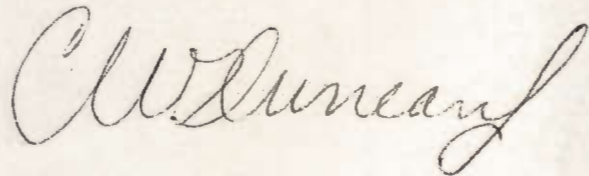
SUBJECT: Reports of Violations

In accordance with the provisions of Section 3679(i)(2), Revised Statutes, there are submitted herewith three reports of violations of the Anti-Deficiency Act (Section 3679, Revised Statutes), and of Department of Defense Directive 7200.1, "Administrative Control of Appropriations within the Department of Defense." Two violations occurred in the Army and one in the Defense Logistics Agency.

In reviewing the attached reports of violations, no evidence was found that the violations were willful. They were caused by misunderstandings of or failure to comply with prescribed procedures and controls. Appropriate corrective and disciplinary actions were taken.

The system of administrative control of funds prescribed by Department of Defense Directive 7200.1, and the Defense Logistics Agency implementation thereof, is considered adequate and no change is contemplated. The Department of the Army is making an intensive review of its fund control procedures and is revising its administrative control of funds regulations. The revised regulations will be submitted to the Office of the Secretary of Defense for review and approval prior to issuance.

To comply with the provisions of Section 3679(i)(2), Revised Statutes, copies of the reports are also being submitted to the President of the Senate and to the Speaker of the House of Representatives.



Enclosures 3



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

14 MAR 1977

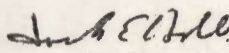
MEMORANDUM FOR: ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Report of Violation of Revised Statutes 3679 (Report
No. 28-76)

Violation of Revised Statutes 3679 (31 U.S.C. 665) occurred in Other Procurement, Army (OPA) for fiscal year 1973 at the United States Army Electronics Command, Fort Monmouth, New Jersey.

The inclosed Report of Violation presents details as to the causes and circumstances surrounding the violations and corrective action taken by the Department of the Army.

Incl
as


Jack E. Hobbs
Acting Assistant Secretary of the Army
(Financial Management)



DATE: 14 MAR 1977

NO. 28-76

REPORT OF VIOLATIONS OF
SECTION 3679, REVISED STATUTES
(31 U.S.C. 665)

1. TITLE AND SYMBOL OF APPROPRIATION INVOLVED.

Other Procurement, Army (OPA) 21 3/5 2035 (hereinafter referred to as the FY 73/75 OPA Appropriation). This appropriation expired for obligational purposes on 30 June 1975. Funds were apportioned.

2. WHERE VIOLATION OCCURRED.

The US Army Electronics Command, Fort Monmouth, New Jersey (ECOM).

3. AMOUNT OF OVEROBLIGATION AND OVEREXPENDITURE.

The amount of the overobligation on the basis of the official reports as of 31 January 1977 is estimated to be \$4.4 million for the FY 73/75 OPA Appropriation. No administrative subdivisions of this Appropriation have been overobligated. The U.S. Army Materiel Development and Readiness Command (DARCOM) did, however, suballocate funds to its subordinate commands in excess of the obligational authority available resulting in an overallocation. This suballocation was based in part upon the financial reports being submitted by ECOM, and the overallocation was primarily caused by ECOM's present inability to support with hard documentation the amount of reimbursable customer orders and related obligations which it had reported in its financial reports, thereby reducing the obligational authority which was in fact available to DARCOM for suballocation. This cause of the overallocation and resulting overobligation is discussed in more detail in paragraph 5 herein. The FY 73/75 OPA Appropriation has not been overexpended. A separate report on the overallocation will be submitted in the near future.

4. NAMES AND POSITIONS OF RESPONSIBLE INDIVIDUALS.

Various individuals at ECOM very possibly failed to execute fully and properly their responsibilities. However, since the original ledger and records at ECOM have been either lost or destroyed as a result of the relocation from Philadelphia to Fort Monmouth and a fire at Fort Monmouth, a complete reconciliation is impossible. Consequently, there is not sufficient evidence available to identify exactly what occurred at ECOM so as to identify the specific functional failure, and the officials responsible therefor, which led to the violation.

5. CAUSES AND CIRCUMSTANCES SURROUNDING THE VIOLATION.

a. Reimbursable orders constitute an authorization for the recipient to increase the total fund availability by the amount that will be billed.

Orders for items that are to be delivered from stock but need not be replaced have the effect of augmenting the funds of the recipient activity. This generated obligation authority is carefully monitored by Headquarters, Department of the Army.

b. The overobligation of the FY 73/75 OPA Appropriation was the result of DARCOM's suballocation of \$34 million of what it believed to be generated obligation authority to fund the direct Army program in the FY 73/75 OPA Appropriation. \$19 million of this generated obligation authority was used to offset funds that were transferred to the FY 74/76 OPA Appropriation, and the remaining \$15 million was used to support unfinanced program that had Congressional approval but could not otherwise be supported. DARCOM's determination that generated obligation authority was available was based upon the financial reports submitted by the various Army commodity commands for the FY 73/75 OPA Appropriation. The 30 June 1973 reports indicated that \$41.7 million in such obligation authority had been generated in the FY 73/75 OPA Appropriation, of which \$18.5 million had been reported by ECOM, and was available for use. However, later reconciliation determined that as of 30 September 1976 the Army's financial records support only \$22.1 million in generated obligation authority in the FY 73/75 OPA Appropriation, a decrease of \$19.6 million from the amount reported on 30 June 1973. Of this \$19.6 million decrease, \$16.1 million of the generated obligation authority had been reported by ECOM. The actual generated obligation authority, therefore, was insufficient to cover the total \$34 million that had been suballocated by DARCOM to support the direct Army program in the FY 73/75 OPA Appropriation. As a result, DARCOM was found to be overallocated.

c. The Army is, however, unable today to determine if the \$18.5 million in generated obligation authority reported by ECOM in its 30 June 1973 financial reports was at that time correct or, if incorrect, what caused ECOM to overstate its generated obligation authority. All that can be established now is that, based upon a reconstruction of the financial records at ECOM, only \$2.4 million in generated obligation authority is supported by hard copy documentation. The evidence collected during the investigation of the overobligation of the FY 73/75 OPA Appropriation, discloses the following general observations concerning the situation at ECOM, which probably impacted on, if not caused, the apparent overstatement of generated obligation authority in ECOM's financial reports.

d. The move of ECOM's Materiel Management Directorate and Finance and Accounting Office from Philadelphia to Fort Monmouth, New Jersey, created an operational environment in which manpower and facilities were inadequate. Operational elements during and after the relocation were physically separated from their files and/or records for an extended period of time.

e. This environment resulted in a degradation in the ability of operational elements to perform assigned finance and accounting and materiel management functions; and ultimately resulted in a decision to defer those functions which, at that time, were considered of lower priority. Reconciliation of finance and accounting records related to the Customer Order Program was not accomplished. For example, only limited reconciliation of the high dollar value orders was conducted on a periodic basis as time permitted. A complete (100%) reconciliation of the customer order program could not be accomplished because of the shortage of qualified personnel and the press of day-to-day business. Materiel Management procedures related to customer order control were not sufficient to insure consistency or accuracy in recording of customer orders and application of fund and program authority.

f. The investigation disclosed no documentary or testimonial evidence to indicate any willful or knowing intent to violate the law. Further, the investigation revealed no evidence that there was a failure to bill or collect from customers who received delivery of equipment. It is, therefore, reasonable to conclude that there was acquisition of materiel for the Army inventory beyond that authorized, and, accordingly, there was no value loss to the government.

g. In addition to the \$4.4 million overobligation, there are additional normal contract settlement adjustments to be made, including approximately \$4.3 million approved upward obligation adjustments, another \$9 million in upward adjustments awaiting approval, plus \$3.3 million in economic price adjustments. Based on these estimates, the Army needs authority to transfer \$21 million from other Army procurement appropriations to cover this deficit.

6. STATEMENTS OF RESPONSIBLE EMPLOYEES. Not applicable.

7. DISCIPLINARY ACTION TAKEN. Not applicable.

8. ADDITIONAL ACTIONS TAKEN (i.e., PROCEDURAL CHANGES, NEW SAFEGUARDS) TO PREVENT RECURRENCE OF VIOLATIONS.

a. A comprehensive Financial Management Improvement Program was instituted to analyze the entire spectrum of financial management and determined over 400 specific actions to improve fiscal management procedures. In addition, a General Officers' Steering Committee was established specifically to manage and monitor those corrective actions pertaining to the customer order program. After these efforts were underway, the Secretary of the Army established a Financial Management Advisory Committee composed of six prominent personnel from industry and the academic world. The committee comprehensively evaluated the status of the corrective actions being taken and, in June 1976, recommended greater emphasis in eight areas. To manage the Advisory Committee's recommendations, a Steering Group, chaired by the Under Secretary of

of the Army, was established to ensure that major recommended actions were accomplished. Revised procedures represent major steps toward ensuring proper control and administration of financial management. Not only was an intensive effort made during the past year to correct existing problems, but many new initiatives have been implemented that will improve future management.

b. The following specific corrective actions have been taken:

(1) Reconciliations: During the past two years more than 65,000 mandays have been devoted to reconciling the Army's internal accounting records and related financial reports. Reconciliation of Army accounting records and reports to source documentation has been accomplished in many areas including unfilled customer orders, unliquidated obligations and the Foreign Military Sales Trust Fund cash balance.

(2) Program and Fund Controls: Program and fund control documents were issued through separate channels and contributed to coordination problems that led to overallocations. Positive controls and a single programming and funding channel have been established over the allocation process. Automation will be completed during the March-June 1977 timeframe.

(3) Accounting and Reporting: Despite ten years of effort, the Army did not have a system that effectively recorded, accounted for or reconciled financial and program data for its procurement appropriation. Such a system has now been developed and initial reports were produced in November 1976. The system will remain under intensive DA review throughout FY 1977 to assure the Army attains a system capable of accounting for its procurement appropriations.

(4) Management Evaluation and Reporting: The Army was severely handicapped by the lack of management level reports that could be used to effectively monitor the procurement appropriations. A comprehensive set of procurement appropriation management reports has now been established for each procurement account. These reports contain summary financial management data and are reviewed monthly by top level Army managers.

(5) Pricing: Customer order pricing was in a state of turmoil. High inflation rates, a rapidly growing foreign military sales program and inadequate pricing policies and regulations led to inconsistent pricing practices. Actions were taken to standardize pricing and to assure that all costs were controlled and collected. Overall, the understanding and application of pricing policy have improved considerably.

(6) Audit: Insufficient audit effort was being applied to the financial management area, with less than 10% of the Army Audit Agency's resources devoted to financial matters. The Army Audit Agency has revised its schedule of audits and 50% of its resources are now being applied to financial audits.

(7) Financing Customer Program: The Army used a reimbursable concept to finance the customer order program that required many months of progress payments to contractors before the Army was reimbursed. This led to serious cash flow problems as appropriated funds were used to finance customer purchases until the reimbursements were finally received. The Army has now adopted a procedure that transfers customer money to the direct appropriations prior to paying the contractor.

c. The Investment Appropriation study is now complete and a simpler, more direct and controlled procedure to manage the application of reimbursable program authority and funded reimbursement authority to individual customer orders will be implemented. The new procedure will eliminate the bulk release of reimbursable program authority and funded reimbursement authority, insure that fund availability always equals obligation authority and provide data on the current status of the customer order program. Commencing June 1977, all application of reimbursable program authority and funded reimbursement authority to customer orders received within the Army will be centrally controlled utilizing the Army Procurement Management, Accounting and Reporting System (APARS) Control Subsystem. Reimbursable authority will be applied through the system to customer orders as they are received at the operating level. This will be done on a real time basis that will not impose any delay upon the execution of the customer orders. The new procedures are designed to establish total control and identification of the use of reimbursable program authority and funded reimbursement authority and to result in the elimination of the entire complex issue and control procedures for Reimbursable Authority now in use.

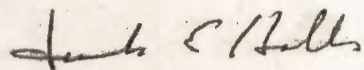
d. Specific remedial actions taken by US Army Electronics Command are discussed below:

(1) In addition to the central control established by APARS, a Customer Order Control Point has been established within the Comptroller organization at US Army Electronics Command. Its mission is to establish and maintain control of customer orders by program line item to insure that the correct customer order value is maintained throughout the process until final billing and collection. Basic in the establishment of this control point, was recognition and definition of the supply management control functions of the Directorate of Materiel Management, the financial management control functions of the Comptroller and the internal review management function of the Comptroller.

(2) Effective with the processing of the FY 1975 customer orders at the US Army Electronics Command, three procedures were established for better financial management control. These procedures encompassed

the areas of receipt, processing and control for: (a) Foreign Military Sales Orders; (b) Grant Aid Orders; and (c) Military Interdepartmental Purchase Requests (MIPRs) for procurement of Major Items. These procedures have been implemented within the Comptroller organization and interface with the Directorate of Materiel Management at US Army Electronics Command.

(3) A Quality Control Office was established within the Comptroller's Office at US Army Electronics Command. Among the responsibilities of this organization are those of spot checking and verifying the validity and accuracy of all accounting inputs and outputs.



JACK E. HOBBS
ACTING ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT)



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

18 FEB 1977

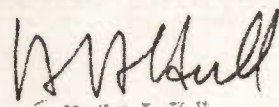
MEMORANDUM FOR: ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Report of Violation of R.S. 3679 (#23-75)

A violation of R.S. 3679 occurred at the U.S. Army District Engineer, Savannah, Georgia, when obligations exceeded an administrative subdivision of funds (allotment).

The Inclosure presents details as to the cause and circumstances surrounding the violation and corrective action taken. The report has been revised to add clarification to paragraph 7c per your Memorandum, same subject, dated 28 January 1977.

1 Incl
Report #23-75


Edwin A. Kull
Assistant Secretary of the Army
(Financial Management)

REPORT OF VIOLATION OF R.S. 3679
DEPARTMENT OF THE ARMY

DATE: 18 FEB 1977

REPORT
No. 23-75

1. Reference: Section XII, DoD Directive 7200.1, Revised 19 April 1963.
2. Funds Involved: Operation and Maintenance, General Corps of Engineers, Civil Appropriation 96X3123. Funds were apportioned.
3. Where Violation Occurred: U.S. Army Engineer District, Savannah, P.O. Box 889, Savannah, Georgia 31402.
4. Amount of Violation: \$219,871.75.
5. Type of Violation: Overobligation of an administrative sub-division of funds (allotment). The next higher level, allocation, was not exceeded.
6. Names and Positions of Responsible Individuals:
 - a. Mr. Julian Carter - Comptroller. As Comptroller, Mr. Carter failed to provide adequate accounting procedures and controls conducive to proper management of funds.
 - b. Mr. James Lynn, Chief, Finance and Accounting Branch. Mr. Lynn failed to provide adequate supervision for proper safeguards and appropriate accounting controls.
 - c. Mr. R. P. Phillips, Chief, Program Development Branch. Mr. Phillips initiated reprogramming actions leading to transfer of funds between projects without determining the amount of available funds. He also failed to schedule sufficient funds to cover the anticipated costs to be incurred in the month of June which is the responsibility of the Program Development Branch.
7. Cause and Circumstances Surrounding the Violation:
 - a. In 1953, Congress authorized a Revolving Fund for the Corps of Engineers to provide and initially finance services which are needed by two or more appropriations or projects. The Engineer Districts are allotted funds from the Operation and Maintenance, General, Corps of Engineers, Civil Appropriation to cover such direct charges as supplies, telephone and electric services, and to reimburse the Corps' Revolving Fund for labor, travel, transportation services, equipment usage, and overhead.

REPORT #23-75

b. On 4 August 1975, the GAO reported an apparent violation of Revised Statute 3679 in the Savannah Engineer District when obligations exceeded the amount of funds available in the O&M Civil Appropriation. As a result of the GAO report, an investigation was made into the alleged violation.

c. The report of violation, dated 28 November 1975, as submitted by the Chief of Engineers, revealed that a violation of R.S. 3679 had occurred at the Savannah District even though the year-end reports for Savannah's O&M allotment showed an unobligated balance. The reason why the O&M allotment records showed an unobligated balance was due to transactions which transferred some of the charges (obligations) for work performed during May and June back to the Revolving Fund. In other words, these transactions had the effect of returning excess costs to the Revolving Fund at year-end. This procedure has been discontinued and the Savannah District Engineers will review their records to determine if other violations may have occurred while this procedure was in use. Any additional violations discovered will be reported under the normal procedure.

d. The Corps has two procedures for recording obligations created by the costs accumulated in the Revolving Fund. The recommended procedure provides that an obligation be established for each project at the beginning of each month to cover anticipated billings from the Revolving Fund. An alternate procedure of simultaneously recording obligations and disbursements can be used if the district engineer considers local control to be adequate to preclude overobligations of project funds. The Savannah District followed the alternate procedure.

e. The violation was not willful nor due to careless disregard of instructions, but was caused by a lack of complete cooperation, documentation control, and coordination between the Savannah District Comptroller's Office and the Program Development Branch. The failure to schedule sufficient funds to cover the anticipated costs for the month of June was a contributing factor.

8. Signed Statement of the Individuals Determined to be Responsible:

Inclosed are signed statements by Mr. Julian Carter (Inclosure 1), Mr. James Lynn (Inclosure 2), and Mr. R. P. Phillips (Inclosure 3). These individuals have reviewed the violation report and do not desire to submit statements in addition to those made during the investigation.

9. Disciplinary Action Taken: The District Engineer has given verbal reprimands to the individuals named responsible. The Chief of Engineers considers this action appropriate in view of the exemplary records of the individuals concerned and the fact that the violation was not willful.

10. Corrective Actions Taken: The following corrective actions have been taken by the Chief of Engineers and the Savannah District Engineer:

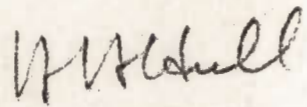
a. The Corps of Engineer's accounting regulations have been revised by Office, Chief of Engineers, to strengthen fund control procedures. Under the revised procedures, the Field Operating Agency (FOA) must obligate project funds at the beginning of the final month of each fiscal quarter to cover anticipated billings from the Revolving Fund for labor, travel, transportation services, equipment usage, overhead, etc. In other months of the quarter, preobligation may be foregone if the head of the FOA considers his local controls sufficient to preclude overobligation. The regulations were also revised to emphasize that where work requirements are in danger of causing an overobligation of project funds, work must be halted until additional funds are made available.

b. The District Engineer, Savannah District, has published revised procedures specifically assigning responsibility for funds utilization and control activities. The procedures include detailed instructions for controlling costs and insuring that obligations are not incurred which exceed available funds. The procedures also require that project funds be obligated on a monthly basis to cover anticipated billings from the Revolving Fund.

c. Personnel of the Savannah District, concerned with managing resources and funds, have been required to attend an orientation course in cost and fund management. This course will be presented periodically to accommodate new personnel as appropriate, and to insure a continuing awareness of responsibility for fund control.

d. New instructions have been published by the Savannah District on the purpose and proper use of the Revolving Fund.

11. System Adequacy: The regulations and systems of administrative control of appropriations and funds prescribed by the Department of the Army are considered adequate.


Hadlai A. Hull
Assistant Secretary of the Army
(Financial Management)

DISPOSITION FORM

For use of this form, see AR 340-15; the proponent agency is The Adjutant General's Office.

REFERENCE OR OFFICE SYMBOL

SASEC

SUBJECT

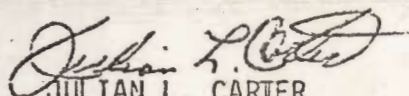
Report of Violation of Revised Statutes 3679

TO District Engineer

FROM Comptroller

DATE 16 March 1976 CMT 1

Reference is made to SASDE letter, 15 March 1976, subject as above. I do not wish to furnish comments beyond those that have already been documented in the records.



JULIAN L. CARTER

Comptroller

Incl #1

DISPOSITION FORM

For use of this form, see AR 340-13; the proponent agency is The Adjutant General's Office.

REFERENCE OR OFFICE SYMBOL

SUBJECT

SASEC-F

Report of Violation of Revised Statutes 3679

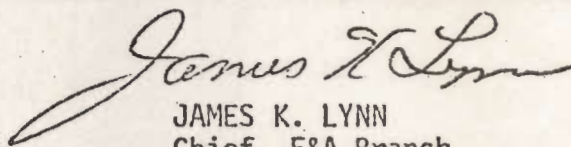
TO District Engineer

FROM Ch, F&A Branch

DATE 17 Mar 76

CMT 1

I do not wish to furnish any further comments on subject violation.



JAMES K. LYNN
Chief, F&A Branch

INCL.# 2.

DISPOSITION FORM

For use of this form, see AR 340-15; the proponent agency is The Adjutant General's Office.


REFERENCE OR OFFICE SYMBOL

SASEN-P

SUBJECT

Report of Violation of Revised Statutes 3679

79

THRU ~~Ch, EN~~ 

FROM

EN-P

DATE

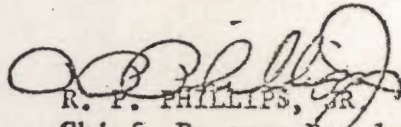
16 Mar 76

CNT 1

Mr. Phillips/jcs/357

TO DE

Report dated 15 March 1976, subject as above, has been reviewed and I desire to make no additional comments inasmuch as previous documentation fully expresses my views regarding this violation.


R. P. PHILLIPS, JR.

Chief, Program Development Branch

ENC #3

DA FORM 2496
1 FEB 62

REPLACES DD FORM 36, EXISTING SUPPLIES OF WHICH WILL BE
ISSUED AND USED UNTIL 1 FEB 63 UNLESS SOONER EXHAUSTED.

U.S. GPO: 1974-540-843/8656



DEFENSE SUPPLY AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

IN REPLY
REFER TO

DSAH-CFF

29 JUN 1976

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (Comptroller)

SUBJECT: Report of Violation of Section 3679, Revised Statutes, RCS:
DD-COMP(AR) 170, 76-1

Enclosed report supersedes our submission of 4 June 1976. Please attach the original statement of the employee, which was furnished previously, to the revised report.

FOR THE DIRECTOR:

Encl

W. E. KENEALY
CAPT, SC, USN
Deputy Comptroller



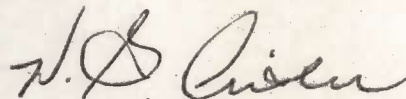
DEFENSE SUPPLY AGENCY

REPORT OF VIOLATION OF SECTION 3679, REVISED STATUTES

RCS: DD-COMP(AR) 170, 76-1

1. Title and symbol of the appropriation - Research, Development, Test and Evaluation, Defense Agencies - 9750400.5109 01 33184. Funds were apportioned.
2. Location of the installation - Defense Electronics Supply Center (DESC), Dayton, Ohio.
3. The allotment was overcommitted and, then, overobligated in the amount of \$11,926.65. The next higher level of funding was not exceeded.
4. Name and position of the employee responsible for the violation - Mr. Wellington Crisler, Chief, Operations and Maintenance Group, Accounting and Finance Division, Office of the Comptroller.
5. Description of circumstances surrounding the violation - Mr. Crisler, DESC, certified fund availability (commitment) for an increased contractual requirement prior to obtaining additional allotment authority from HQ DSA. This resulted in an overcommitment of \$11,926.65. When contract change was issued in the amount of \$37,000, existing allotment authority was overobligated by \$11,926.65. DESC claimed that they had obtained telephone assurance from the program manager at HQ DSA that funds would be provided to cover the increased requirement. However, DESC did not follow up with HQ DSA Budget personnel to ensure actual receipt of funds. Consequently, HQ DSA Budget was not aware of the requirement until the overobligation had occurred. At that time, funds were provided to DESC to cover all obligations.
6. Statement of the employee - Employee's statement is attached.
7. The disciplinary action in connection with this violation was an oral admonishment. This action is considered sufficient due to the circumstances involved and since there was neither willful violation of directives nor personal advantage.
8. Action taken to prevent recurrence - HQ DSA emphasized to DESC that certification of fund availability will not be made without proper fund authority. DESC, in turn, has passed these instructions on to their personnel.
9. The system of administrative control prescribed by DoD Directive 7200.1, as implemented by DSA, is considered adequate.

"The additional funds needed to cover the amount eventually overobligated were promised by the Program Office, DSAH-SCT. The promise was that action would be initiated to provide the required funds. These funds were provided; however, the timing was such that a violation was recorded before the allotment increase was received."

A handwritten signature in dark ink, appearing to read "W. G. Crisler". The signature is fluid and cursive, with the first name "W. G." and the last name "Crisler" clearly distinguishable.

W. G. CRISLER
Chief, Operations and
Maintenance Group



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 16 1977

Honorable Harold Brown
Secretary of Defense
Washington, D.C. 20301

Dear Mr. Secretary:

Recently, President Carter emphasized the importance of public accountability. This means that adequate controls must be in effect in the Executive Branch so that programs are undertaken and funds are spent in accordance with the law.

Since 1963, there have been a total of 245 violations of the Antideficiency Act by the Department of Defense, amounting to an aggregate of just over \$319 million. Quantity-wise, this represents 78 percent of all violations reported government-wide during the same period. We are concerned with the magnitude and frequency of the violations and believe that firm steps should be taken by DOD to improve its accounting and administrative control of funds.

As you know, agencies are required by the Antideficiency Act to establish and maintain adequate systems of administrative control of funds, subject to Office of Management and Budget approval, in order (1) to prevent obligations or expenditures from exceeding apportionments or reappportionments, and (2) to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reappportionment.

The Department of Defense Directive No. 7200.1, "Administrative Control of Appropriations within the Department of Defense," was issued on August 18, 1955, and has been amended twice (March 3, 1958, and April 19, 1963). In view of the long period since the last amendment, the large number of violations, the recent revision of Office of Management and Budget Circular A-34, and the many organizational and procedural changes that have taken place within DOD in recent years, we believe the entire Directive should be carefully reviewed and updated. This revision should reflect not only changes in organization, legal requirements, and advancements in management techniques, but should also include a review of past violations, to pinpoint the Directive's weaknesses in this area, if any.

In order to further President Carter's goal to improve public accountability, we are requesting the DOD to review, update as necessary, and submit revised regulations for the administrative control of funds to OMB for approval by August 15, 1977. OMB representatives will be available for consultation in this endeavor.

In the past, DOD has submitted its violation reports simultaneously to the President (through OMB) and to the Congress. This does not allow sufficient time for OMB to complete its review and make recommendations to the President when a deficiency appropriation is required. In the future, therefore, a copy of all reports of violations which require appropriation action by Congress should be sent to OMB at the same time they are submitted by the Services to OSD. These advance reports to OMB should be accompanied by a statement indicating both the amount of the deficiency and the proposed method of financing (deficiency appropriation or transfer authority). This procedure will allow sufficient time for OMB to complete its review of the violations and expedite processing requests for Congressional action.

Sincerely,

(SIGNED) BERT LANCE

Bert Lance
Director

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR:

HONORABLE HAROLD BROWN
SECRETARY OF DEFENSE

SUBJECT:

Administrative Control of Funds

You have recently received a letter from Bert Lance citing present violations of the Antideficiency Act and requesting a review of Defense's fund control regulations. I want to emphasize my own concern that this situation be brought under control as rapidly as possible.

There are large burdens on the American taxpayer today and constantly escalating demands for more resources in the future, particularly in the Defense area. It is imperative that we be certain that the dollars available are being effectively managed and utilized.

We must all have confidence in the Defense financial management system when we prepare the budget for fiscal year 1979 and subsequent years, and I hope you will devote the resources necessary to correct this problem promptly. In order to achieve the necessary results, it may be necessary to consider changes beyond simple refinements in the financial management system.

THE WHITE HOUSE
WASHINGTON

May 19, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
Bruce Kirschenbaum
SUBJECT: LANCE MEMO RE VIOLATIONS OF
ANTIDEFICIENCY ACT

Although I agree with Bert's memorandum, I think you should ask for an investigation into the \$21 million violation.

Although it is claimed that the records have been lost or burned, that doesn't seem to me to be a sufficient answer, given your strong commitment to sound management practices. It is hard to imagine that such a sum could result from simple accounting mistakes. It would be interesting to know, for example, where the Army actually got the extra \$21 million (i.e. out of what other appropriations); the money had to come from somewhere.

I recommend that you consider calling for an internal investigation.

Date: May 17, 1977

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Jack Watson
Zbigniew Brzezinski

FOR INFORMATION: The Vice President ✓

[Handwritten signature]

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 5/16 re Report of the Deputy Secretary of Defense on Violations of Section 3679 of the Revised Statutes, as amended.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 5:00 P.M.

DAY: Thursday

DATE: May 19, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

✓ ☒ No comment.

*2. Shipt
7/11/77 of the Vice President*

received too late

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 16 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

Bert Lance *B. Lance*

SUBJECT:

Report of the Deputy Secretary of
Defense on Violations of Section 3679
of the Revised Statutes, as amended

There is attached a letter dated March 17, 1977, from the Deputy Secretary of Defense reporting to you, as required by law, violations of subsections (a) and (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), commonly known as the Antideficiency Act.

Transmitted are three reports of violations, as follows:

<u>Appropriation Title</u>	<u>Fiscal Year</u>	<u>Type of Violation</u>	<u>Amount</u>
Other Procurement, Army	1973	Obligations in excess of funds apportioned	\$21,000,000.00
Operation and Maintenance, General Corps of Engineers, Civil	1974	Obligations in excess of an allotment	219,871.15
Research, Development, Test and Evaluation, Defense Agencies	1975	Obligations in excess of an allotment	11,926.65

In the violations involving Operation and Maintenance, General Corps of Engineers; and Research, Development, Test and Evaluation, Defense Agencies, the letter from the Deputy Secretary of Defense states that the violations were caused by misunderstandings of, or failure to comply with, prescribed procedures and controls. It is further stated that appropriate corrective actions were taken. Disciplinary action consisted of an oral admonishment and verbal reprimands; further disciplinary action was not taken because of the exemplary records of the individuals concerned and because there is no evidence that the violations were willful.

In the violation involving Other Procurement, Army, the original ledgers and records of the U.S. Army Electronics Command were either lost or destroyed as a result of a relocation from Philadelphia to Fort Monmouth, New Jersey, and a fire at Fort Monmouth. Sufficient evidence is not available to identify exactly the functional failure, and the responsible officials, which led to the violation.

We agree with the Defense conclusion that the circumstances surrounding this particular violation make it impossible to fix individual responsibility in this instance. However, this particular case is only the latest in a series of violations which demonstrate the existence of severe financial management problems within the Department of Defense, and the Army in particular. The Army is aware of these problems and corrective measures are in process, although it is too early to judge their effectiveness.

We believe the problem calls for high-level attention and continuing close scrutiny by the Secretary of Defense. Since 1963, there have been 245 violations of the Antideficiency Act within DOD. This represents 78 percent of the total government violations reported during this period—a disproportionately high percentage.

The Department's regulation for the administrative control of funds was issued in August, 1955, and has been amended twice. Fourteen years have passed since the regulation was approved by OMB (then Bureau of the Budget) and since many changes have taken place, we are requesting the Department of Defense to review, update as necessary, and resubmit these regulations for OMB approval. A copy of this letter is attached.

We have also attached a memorandum which you might want to send to Secretary Brown on this subject. It is not strictly necessary for you to become involved in this question. However, the problem is quite complex and an expression of Presidential concern would certainly help to focus the high level attention necessary to resolve the matter.

Copies of the Defense reports have been sent to the President of the Senate and the Speaker of the House of Representatives.

Attachments